

UNCLASSIFIED

Iraq

Status Report

November 3, 2010



Bureau of Near Eastern Affairs
U.S. Department of State

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HIGHLIGHTS

- **Saudi Monarch Invites Iraqi Leaders to Riyadh for Negotiations (*POLITICAL*, page 4)**
- **Attack on Church in Baghdad Leaves Estimated 50 Dead (*SECURITY*, page 10)**
- **“The World’s Opportunity for Trading and Investment in Iraq” is Revealed at Baghdad International Trade Fair (*ECONOMIC*, page 21)**
- **Russia Calls for Clemency for Tariq Aziz (*DIPLOMATIC*, page 23)**

POLITICAL – Governance & Legislation



Government formation negotiations continue

Saudi Monarch Invites Iraqi Leaders to Riyadh for Negotiations:

- **King Abdullah of Saudi Arabia invited Iraq's political leaders to meet in Riyadh after the mid-November Eid al-Adha holiday to form a government. Saudi Foreign Minister Prince Saud al-Faisal said Saudi Arabia and the Arab League would sponsor talks in Riyadh and would serve as facilitators. The Iraqi State of Law coalition declined to attend the meeting. Iraq's National Alliance and the Kurdish Alliance issued a joint statement on October 31, which voiced appreciation for the Saudi initiative but stated that the negotiations must take place in Iraq. Vice-President Tariq al-Hashimi, a leading figure in Iraqiyya, expressed support for the initiative, urging Iraq's political leaders to meet in Riyadh to discuss their differences and not to "lose such an opportunity."**

Fadhila Party to Support Maliki for Prime Minister:

- **The chairman of the Shia-led Fadhila Party, Hashim al-Hashimy, has expressed support for a second term for Prime Minister Nuri al-Maliki.**

POLITICAL – Governance & Legislation



Government formation negotiations continue

Kurds Support Talabani for Presidency:

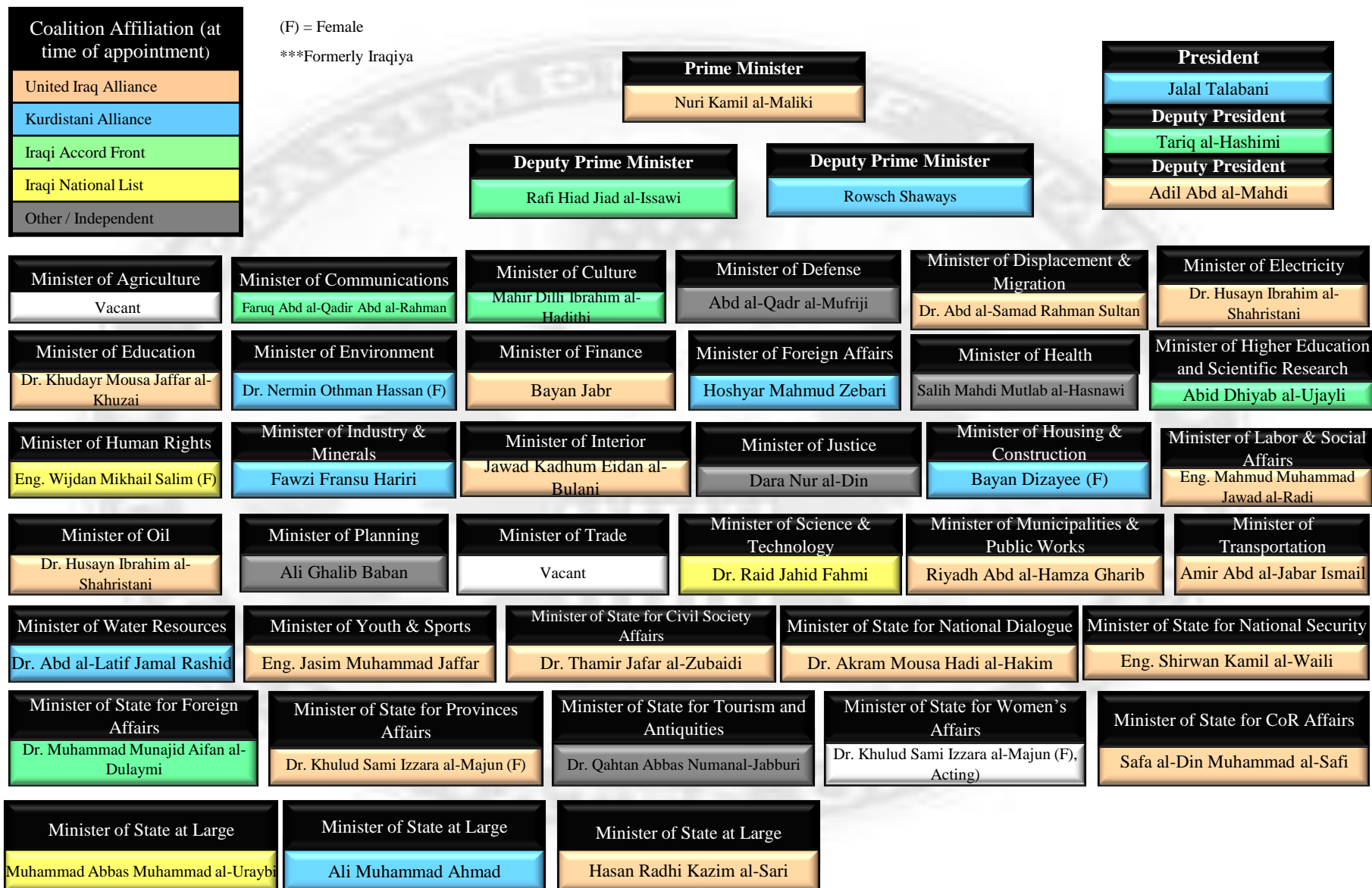
- **President Talabani does not agree to concede the Presidency to former Prime Minister Ayad Allawi in order to facilitate a new power-sharing arrangement between Iraqiyya and the State of Law coalition. The Kurdish Alliance contends that the Presidency is a “national right, because the Kurds are the second community in Iraq (after the Arabs).”**

Iraqi Lawmakers Criticized for Salaries, Lack of Government:

- **Iraqi parliament leaders are being criticized for enjoying high salaries and benefits that have been paid to Council of Ministers (COR) members since the March 7 elections. The COR has convened only once, on June 14, and the session lasted 18 minutes but failed to select a new president and parliamentary speaker, as required in the Iraqi constitution. The disparity in wealth between government officials and their constituents has been the cause of deepening resentment among Iraqis struggling to make ends meet and frustrated with the political deadlock. An aide to Grand Ayatollah Ali al-Sistani urged the COR to lower lawmakers’ salaries, and the Civil Commission for the Protection of the Iraqi Constitution threatened to file suit in Federal Court demanding the return of salaries received. The Commission alleges that COR members have received 82 billion Iraqi Dinars (approximately \$694 million) in salaries for the past five months.**



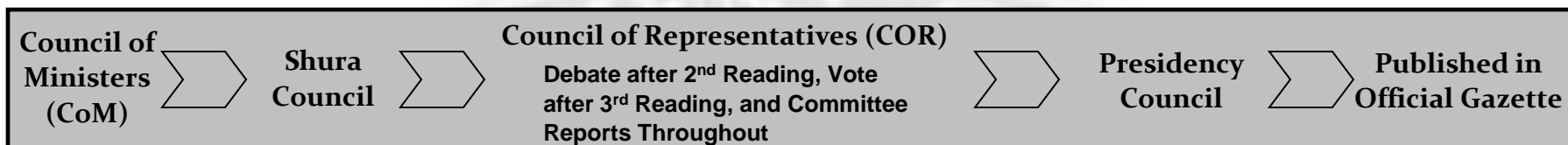
POLITICAL – Government of Iraq





POLITICAL – Key Legislative Issues

Legislative Process



- **Hydrocarbons Package:** The Framework Law was resubmitted to the Oil and Gas Committee on October 26, 2008 and then returned to the Council of Ministers. There has been no progress on the other three laws in the package.
- **NGO Law:** This law, approved March 3, will regulate the operations and funding of Non-Governmental Organizations operating within Iraq.



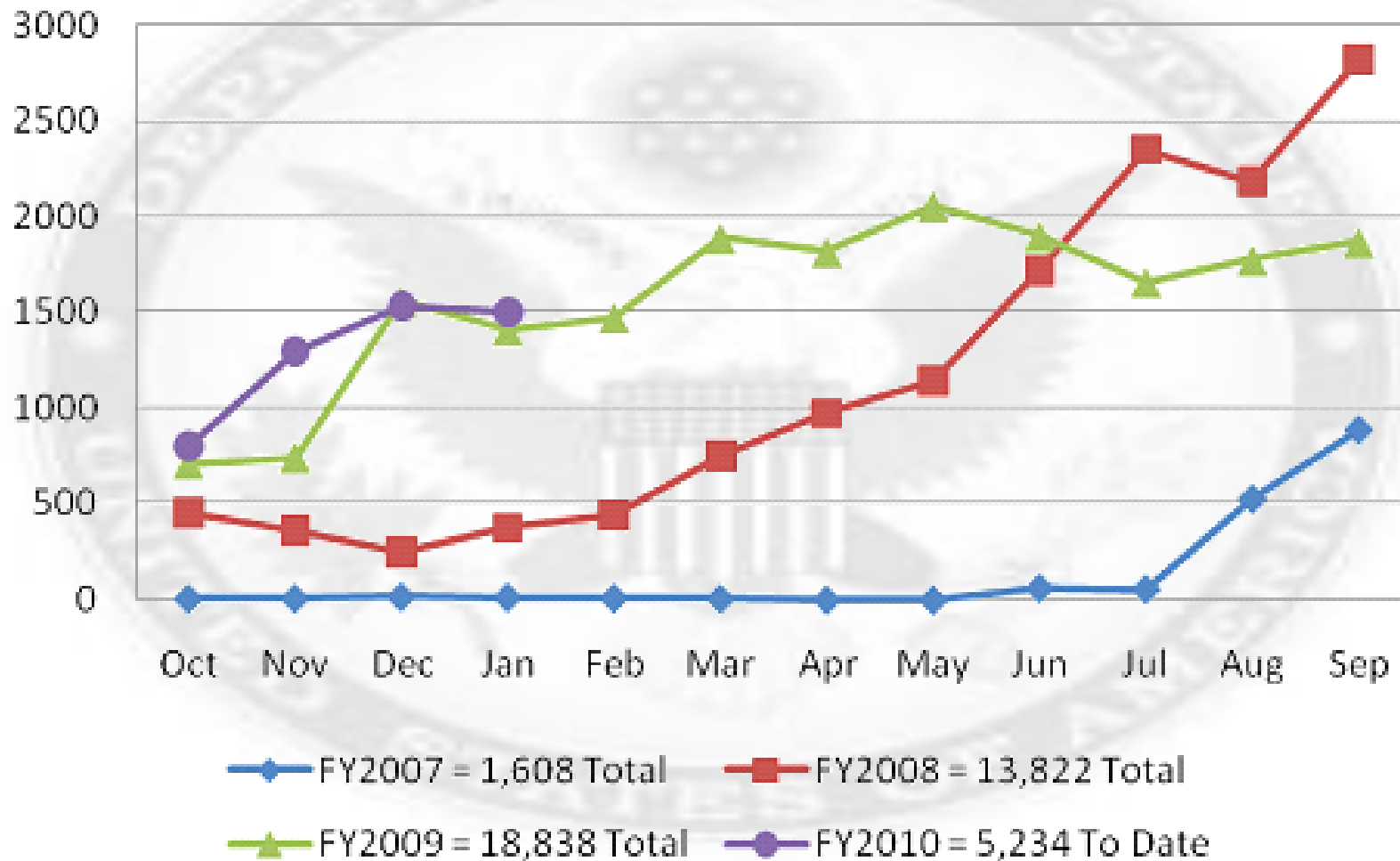
POLITICAL – Refugees

- **There are over 208,000 Iraqi refugees currently registered with the UN High Commissioner for Refugees (UNHCR) in neighboring countries and an undetermined number of unregistered refugees. UNHCR reports that 1.5 million Iraqis remain internally displaced due to sectarian violence following the Samarra Mosque bombing of February 2006.**
- **Since the beginning of 2008, over 515,000 Iraqis have returned to their neighborhoods in Iraq. The majority of the Iraqis returning were internally displaced persons.**
- **In FY10, the U.S. Government contributed \$355.8 million to international and non-governmental organizations to assist Iraqi refugees, internally displaced, and conflict victims.**
- **Since the program's inception in FY07, over 52,280 Iraqi refugees have been admitted to the U.S. for resettlement.**
- **As of September 2009, a total of 1,143 Special Immigrant Visas (SIVs) have been issued for Iraqi translators and interpreters (and their dependents) since FY07 (under the Section 1059 program).**
- **As of September 2009, a total of 1,716 SIVs have been issued for Iraqis employed by the U.S. government (and their dependents) since FY08 (under the Section 1244 program).**

POLITICAL – Refugees



Iraqi Admissions to the U.S.



SECURITY – Situation Update



Deadly attacks in late October/early November sour otherwise positive downward trend in violence

Attack on Church in Baghdad Leaves Estimated 50 Dead:

- An estimated 50 members of Our Lady of Salvation Church in Baghdad were killed and approximately 75 injured after members of Islamic State of Iraq (ISI), the front group for Al-Qaida in Iraq (AQI), stormed the church and held the worshippers hostage for several hours. The attackers detonated suicide vests and responded with gunfire as ISF stormed the building, resulting in numerous hostages being killed as well as seven members of ISF. Iraqi police officials say five of the attackers were killed and eight were captured. In a statement released on its website on November 1, ISI claimed responsibility for the attack, and said it was demanding the release of females detained in Egypt by Egyptian Copts. The Pope, Ayatollah Sistani, Iran, Saudi Arabia, and other governments condemned the attack.

Deaths Due to Violence in Iraq down in Month of October:

- The death toll from violence for October in Iraq was the lowest monthly toll since November of 2009. According to Iraqi government figures, a total of 185 people were killed in October, which includes 120 civilians, 45 police officers, and 20 soldiers. The total includes figures from an attack on a church in Baghdad on October 31. In comparison, a total of 273 Iraqis were killed in violent attacks throughout the country in September.

SECURITY – Situation Update



Deadly attacks in late October/early November sour otherwise positive downward trend in violence

Series of Explosions Hit Shi'a Neighborhoods in Baghdad:

- Sixteen bombs went off across Iraq's capital on November 2, many at coffee shops full of civilians. Press reports indicate 70 people killed and 250 injured. Baghdad security spokesman MG Qassim al-Moussawi said "Ten cars exploded with bombs inside them. There were also four roadside bombs and two sticky bombs. (They were) all in Shiite neighborhoods." The government Tuesday night imposed emergency measures, including temporarily closing roads, banning cars and raising security forces to their highest alert level.

Café Patrons Targeted in Suicide Bombing in Diyala:

- A suicide bomber blew himself up in a café in Balad Ruz in Diyala province on October 29. At least 20 people were killed and an estimated 30 others were wounded. The bombing occurred in an area predominantly populated by Shi'a Kurds. It was the first major attack in Iraq in several weeks.

SECURITY – Situation Update



Deadly attacks in late October/early November sour otherwise positive downward trend in violence

Attempted Robbery Kills Ten at Kirkuk Jewelry Store:

- **An attempted jewelry heist on October 26 left 10 people dead after thieves assaulted a jewelry store in Kirkuk with guns and grenades. Three policemen and seven people inside the store were killed. Police spokesman Brig. Gen. Sarhat Qadir said 11 people were also wounded.**

Jordanian King Affirms Commitment to Iraq's Security during Meeting with Allawi:

- **In a statement from Amman on October 27 following meetings with former Iraqi Prime Minister Ayad Allawi, Jordan's King Abdullah II said Iraq's stability is key to regional security, and urged support for its reconciliation efforts. "Jordan fully backs reconciliation efforts in Iraq, whose stability and security is key to regional security," a palace statement quoted the King as telling Allawi. Abdullah said "it's important to form an Iraqi government that reflects the aspirations of the Iraqi people, ensures a better future and safeguards national unity." Allawi was in Jordan as part of a regional tour.**

SECURITY – Situation Update



Deadly attacks in late October/early November sour otherwise positive downward trend in violence

Arab League Calls for Investigations in Light of WikiLeaks Release:

- **The Arab League called on October 29 for those behind the "crimes against humanity" contained in leaked Iraq war documents published by the website WikiLeaks to be brought to justice. "These documents and what they have unveiled... constitute a crime equivalent to crimes against humanity and violations against the Iraqi people," said Ahmed Ben Helli, Deputy Security General of the Arab League. Ben Helli called for pursuit of those implicated in crimes, and for more documents to be released.**

ECONOMIC – Oil



Crude oil average closing prices

Price averages in world markets closed with the following prices:

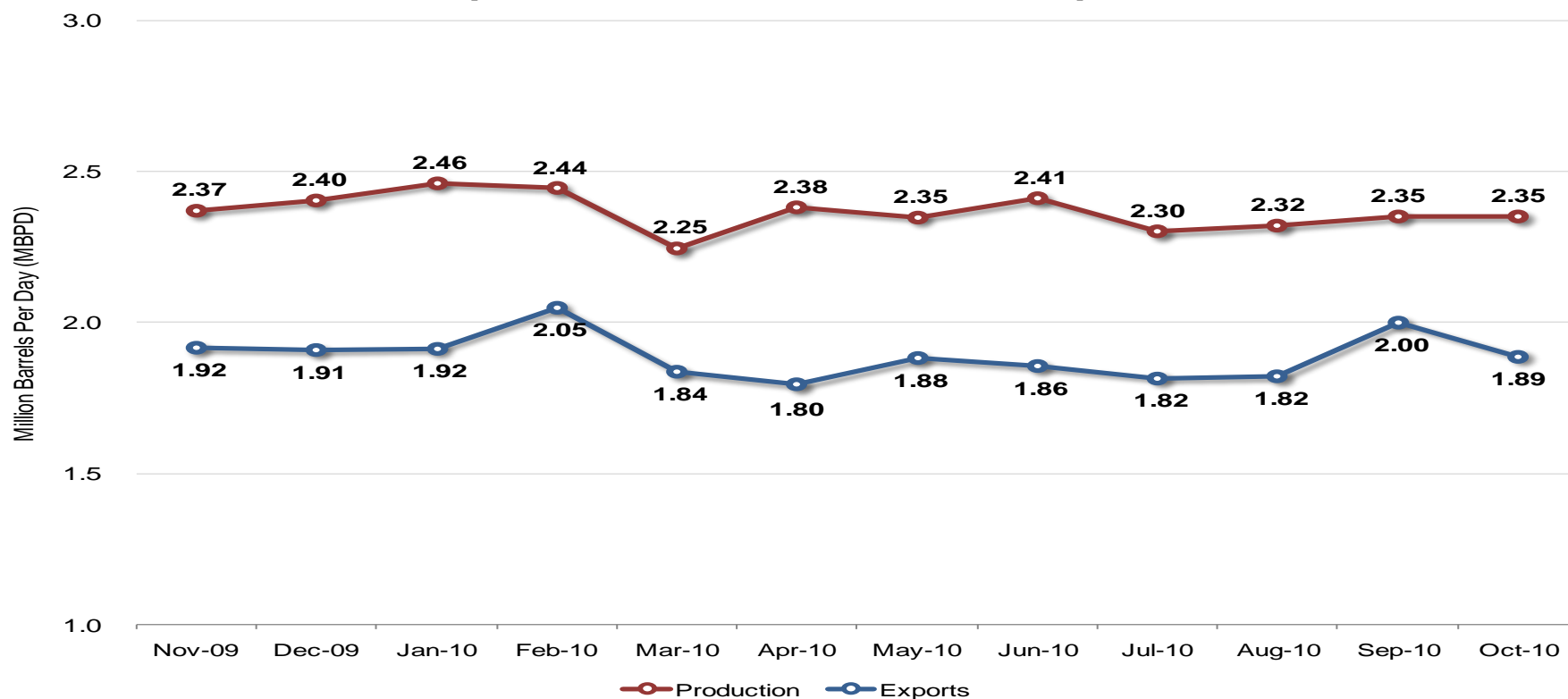
Basrah Light at \$81.28/barrel

Dated Brent at \$82.63/barrel

WTI Cushing at \$82.01/barrel

Oman/Dubai at \$80.43/barrel

Iraq Crude Oil Production and Exports



Iraq's Oil Revenue

2008: \$61.9 Billion

2009: \$39.2 Billion

2010 (ytd estimate): \$42 Billion

ECONOMIC – Fiscal and Monetary Affairs



Iraq's financial sector takes larger steps towards maturation

Economic Indicator	This Week	Last Week	Last Month	Last Year
Iraqi Debt Swap Bond Prices and Yields				
Price (USD)	\$93.45	\$91.01	\$90.11	\$64.50
Yield	6.43%	6.69%	6.79%	10.32%

Private Banks to Face New Capital Requirements:

- The Central Bank of Iraq is mandating that private banks raise their capital holdings to at least 250 billion Iraqi dinars (or \$214 million) by 2013, an increase from the current minimum capital requirement of 50 billion dinars. The measure is aimed to help the GOI handle the anticipated rise in oil and development projects. "We are taking these measures in order that companies which are implementing big projects in Iraq, including the oil contracts, would start to deal with our banks," said a Central Bank representative. The Central Bank is encouraging banks that cannot raise enough capital to merge with regional and international partners.

ECONOMIC – Fiscal and Monetary Affairs



Iraq's financial sector takes larger steps towards maturation

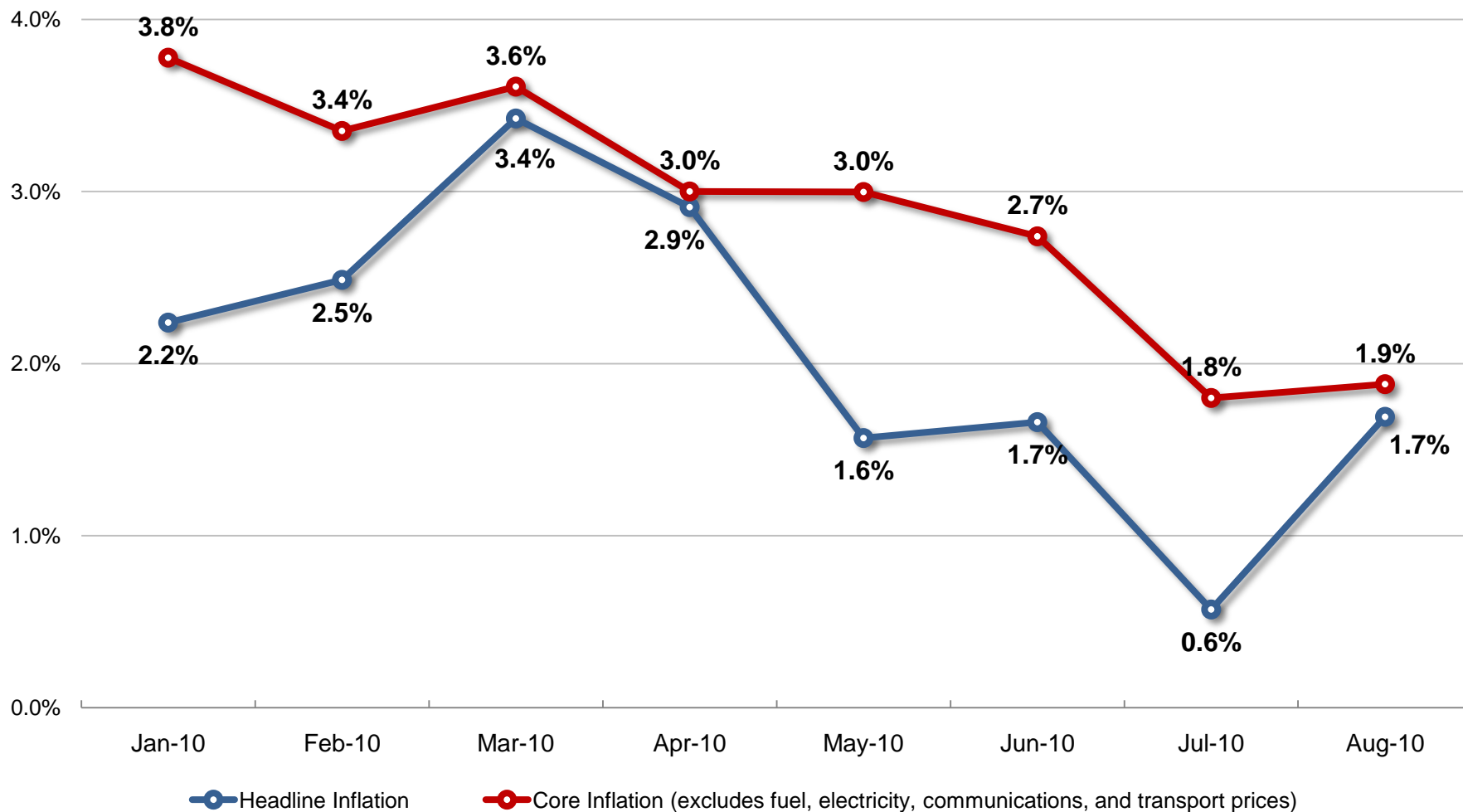
First U.S.-Iraqi Financial Firm Opens to Consult Energy Clients:

- **The first Washington-Baghdad financial services firm has been established, as U.S. advisor Taylor-DeJongh has partnered with Baghdad-based Phoenix Capital to offer advisory and investment banking services to energy companies doing business in Iraq. The deal complements the work of the Obama administration to promote better relations between U.S. and Iraqi private enterprises, as shown through the recent trade mission to Baghdad and scheduled upcoming missions to Baghdad, Basrah, and Erbil. A representative of the partnership said that they “have expertise that has great utility in Iraq, both for Iraqi businessmen and government officials and for international investors interested in the tremendous opportunities in Iraq.”**

ECONOMIC – Fiscal and Monetary Affairs



Iraq: Year-on-Year Inflation



- In 2010, the Central Bank of Iraq began using a new Consumer Price Index. As a result, year-on-year inflation data prior to January 2010 cannot be directly compared.

ECONOMIC – Energy



Ministry of Oil foresees delay in Iraq's participation in Nabucco

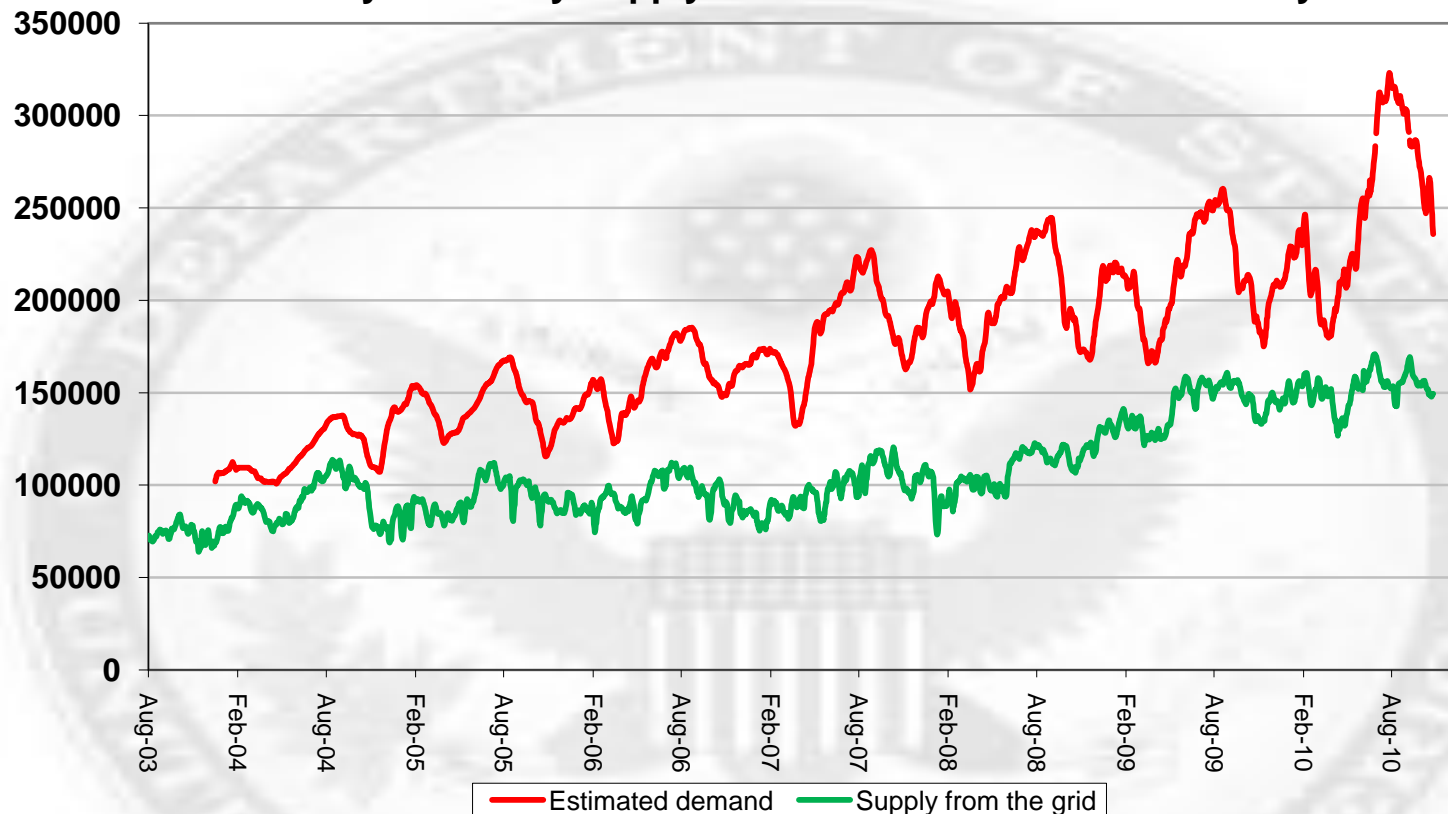
MoO Cites Domestic Issues as Priority Over Europe's Fuel Needs:

- **Speaking to the media at a conference in Abu Dhabi, Iraq's Deputy Minister of Oil Motassam Akram Hassan shared his opinion that Iraq would not be ready to supply gas to the Nabucco project for six or seven more years. "Is it possible to have your people in need of energy at home and then you go out and pump gas to Europe?" he asked. Reaffirming the urgency of domestic matters, Hassan said, "during the summers the electricity shortages are a huge issue and the summers will come round again so supplying domestic power for the country is a top priority." Iraq remains committed to supplying gas to Europe, but will have to make sure that it determines its domestic needs first. The Nabucco consortium is looking to Azerbaijan and Iraq to supply gas to southeastern Europe.**



Public Services – Electricity

Daily Electricity Supply from the Grid and Estimated Daily Demand



- October 25-31 supply from the grid was 11% above the year-earlier period and met 64% of estimated demand compared with 71% for the same period in 2009.
- Estimated daily demand is at its lowest level since May but still is 20% above the year-earlier level.

ECONOMIC – Industry Spotlight: Environmental Protection



Iraqi environmentalists work to protect water and wildlife

Iraq Signs Convention on Biological Diversity, Seeks to Promote Ecotourism:

- **Iraqi environmentalists, along with international botanists and scholars, are working to bring attention to Iraq's biodiversity after years of neglect under the Saddam regime. Iraq, which lost a great deal of its environmental expertise during this period, is hoping to inspire "a new generation of Iraqi botanists" to spearhead protectionist efforts, including monitoring water quality and bird and plant life. However, they are fighting hard to compete with economic development priorities; oil drilling impacts water sources, already scarce, in the South, while the dumping of livestock waste is polluting rural areas in the North. With this in mind, the environmentalists are hoping to combine environmental and economic interests, including establishing national parks in marshlands and promoting ecotourism as a source of both income and protection. Recently, Iraq became a signatory to the International Convention on Biological Diversity and sent a delegation to Japan for the October 19-28 convention summit.**

ECONOMIC – Private Sector



Baghdad hosts an International Trade Fair amidst report that Iraq lacks engineering expertise

“The World’s Opportunity for Trading and Investment in Iraq” is Revealed at Baghdad International Trade Fair:

- **Over 1,200 companies from 13 countries will be in Baghdad from November 1-10 to attend the Baghdad International Trade Fair, the first since the rule of Saddam Hussein. Prime Minister Nuri al-Maliki opened the fair by stating that “Baghdad is rising after years of suffering,” while government spokesman Ali al-Dabbagh told reporters that “the fair sends a clear message [about Iraq’s] investment opportunities for all countries and for the Iraqi private sector.” The theme of the fair, which features products ranging from energy needs to household goods and agriculture, is “The World’s Opportunity for Trading and Investment in Iraq.”**

IOCs Encouraged to Recruit and Train Iraqis for Labor Needs:

- **In its new report, Dunia Frontier Consultants claims that Iraq lacks engineers with the high technology skills and basic construction and management capabilities needed to help the country fulfill its oil and natural gas production goals. Dunia recommends that IOCs in Iraq recruit and train locals or incentivize expatriate engineers to return to Iraq; this will not only fill the labor shortage, but will also engender goodwill among locals regarding IOC presence in Iraq. On a related note, the Project Management Institute’s Arab Gulf Chapter opened its first Iraqi branch in Mosul on October 27 with an initial membership of 120 engineers and administrators.**

ECONOMIC – Private Sector



Paris and London now connected to Baghdad via direct flights

Direct Flights between Europe, Iraq Resume for First Time Since 1990:

- **The first direct flight between a European country and Iraq since 1990 took place on October 31, as the French Trade Minister and 40 French business representatives took a test flight from Paris to Baghdad. The French Trade Minister said that "this is a new chance for the development of business between France and Iraq but more globally, between Europe and Iraq." Regular twice-weekly flights between Paris and Baghdad, serving both coach and business-class passengers, will begin in January. In addition, an Iraqi civil aviation official told the media that the Iraqi Al-Nasr airline company would make its first flight to London on or around November 3.**

DIPLOMATIC – Political Engagement



Iraqi regional and international reintegration

Russia Calls for Clemency for Tariq Aziz:

- **Russia's Foreign Ministry called for clemency on October 27 for former Iraqi foreign minister Tariq Aziz after he was sentenced to death by hanging for murder and crimes against humanity. The ministry urged Iraqi authorities to take into account Aziz's age and ailing health.**

Baghdad and Beyond



Iraqi Leaders Supporting Literacy Program

“...we will help Iraq's institutions strengthen their capacity to protect the rule of law, confront corruption, and deliver basic services.”

President Barack Obama

Recent Highlights

Baghdad

Representatives from PRTs and the U.S. Air Force joined senior Iraqi officials at Al-Nahrain University in Baghdad to launch an adult Arabic Literacy Program on October 23. The program was developed to address and improve the serious illiteracy problems in Baghdad, and is the first of its kind in Iraq. Through the coordination of GOI officials, Iraqi NGOs, U.S. Air Forces-Iraq, and PRT officials, more than 400 literacy centers will be opening their doors this month, with the potential to educate over 20,000 adults.

Diwaniyah

A human rights conference was recently held for key government officials, civil society leaders and UNHCR representatives at the Diwaniyah PRT. The program included sessions exclusively for female leaders on issues of women's rights as well as a UNHCR delegation progress report on internally displaced persons (IDP) programs in the area.

CONTACT INFORMATION



This brief draws from multiple sources. References are cited on the following pages.

For additional information, please see:

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- **Department of Defense, Section 9010 Measuring Stability and Security in Iraq**
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Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov



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